Trial Court Budget Advisory Committee
Revenue and Expenditure Subcommittee

Materials for May 27, 2015 Meeting

Table of Contents

Draft Minutes from April 2, 2015 Meeting ................................................................. 1

Action Item
Item 1 – Guidelines for the State Trial Court Improvement and Modernization Fund and Trial Court Trust Fund (Action Item) ................................................................. 3
TRIAL COURT BUDGET ADVISORY COMMITTEE

REVENUE & EXPENDITURE SUBCOMMITTEE

MINUTES OF OPEN MEETING

April 2, 2015
10:00 a.m. to 12:00 p.m.
Teleconference

Advisory Body

Executive Officers: Ms. Sherri R. Carter (Co-Chair), Mr. José Octavio Guillén, Mr. Shawn C. Landry, Mr. Stephen H. Nash, Ms. Kim Turner, and Mr. David H. Yamasaki.

Advisory Body
Members Absent: Hon. Winifred Younge Smith and Ms. Rebecca Fleming

Others Present: Hon. Laurie M. Earl, Hon. James Herman, Mr. Mark Dusman, Mr. Curt Soderlund, Mr. Zlatko Theodorovic, and Mr. Steven Chang.

OPEN MEETING

Call to Order and Roll Call
The meeting was called to order at 10:00 a.m. and roll was taken.

Approval of Minutes
The March 10-11, 2015 meeting minutes were approved unanimously.

Public Comment
Two written comments were received.

DISCUSSION AND ACTION ITEMS (ITEM 1)

Item 1
FY 2015–2016 Allocations for the V3 Case Management System and Intermediate Case Management Systems from the State Trial Court Improvement and Modernization Fund

Action: A motion was made, seconded, and approved unanimously to freeze the 2015–2016 IMF allocations for the V3 case management system and Intermediate Case Management System programs at their 2014–2015 levels. A motion was made, seconded, and approved unanimously to cut the V3 case management system program’s 2015–2016 IMF allocation, set at the 2014–2015 level, by 10 percent if
the 2015–2016 IMF fund balance is projected to be below $300,000 and to have the costs associated with the reduction backfilled from the Judicial Council Information Technology office’s budget. A motion was made, seconded, and approved with one no vote to cut the Intermediate Case Management System program’s 2015–2016 IMF allocation, set at the 2014–2015 level, by 10 percent if the 2015–2016 IMF fund balance is projected to be below $300,000 and to have the costs associated with the reduction backfilled from the Judicial Council Information Technology office’s budget.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:00 p.m.

Approved by the advisory body on [Date].
This document is intended to provide guidelines for appropriate expenditure of the allocations in the State Trial Court Improvement and Modernization Fund (0159) and the Trial Court Trust Fund (0932). These guidelines will be effective from July 1, 2015 through June 30, 2016. Guidelines for Fiscal Year 2016-2017 and onwards will be developed by the Trial Court Budget Advisory Committee for approval by the Judicial Council. The guidelines shall be subject to ongoing review by the Trial Court Budget Advisory Committee.

1.0 Summary

On an annual and as needed basis, the Trial Court Budget Advisory Committee (TCBAC) shall recommend to the Judicial Council how spending to support the trial courts will be funded from the State Trial Court Improvement and Modernization Fund (IMF) and Trial Court Trust Fund (TCTF). In developing annual budget proposals to be considered by the TCBAC, the Judicial Council staff shall identify which fund(s) (General Fund (GF), IMF, and/or TCTF) will be used for each trial court service and/or program expenditure. The Judicial Council will approve how the funds in these state funds are allocated.
Each office will ensure that all expenditures are consistent with the guidelines herein provided. Accounting will validate all expenditures before approving for payment and the Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch will perform compliance reviews every odd year to ensure all expenditures were appropriately processed.
2.0 Fund Descriptions

2.1 State Trial Court Improvement and Modernization Fund

Government Code section (GC) 77209 was amended by Senate Bill 1021 (Stats. 2012, ch. 41) reflecting the creation of a successor fund – the State Trial Court Improvement and Modernization Fund – to the Trial Court Improvement Fund and the Judicial Administration Efficiency and Modernization Fund. GC 68502.5 provides for the allocation of funds in the IMF to ensure open and equal public access to the trial courts, to improve trial court operations, and to address trial court emergencies. In addition, GC 77209 states moneys in the fund may be expended to implement trial court projects approved by the Judicial Council and expenditures may be made to vendors or individual trial courts that have the responsibility to implement approved projects. Per GC 68085, the Judicial Council may authorize the direct payment or reimbursement or both of actual costs from the IMF to fund the costs of operating one or more trial courts upon the authorization of the participating courts. These paid or reimbursed costs may be for services provided to the court or courts by the Judicial Council staff or payment for services or property of any kind contracted for by the court or courts or on behalf of the courts by the Judicial Council staff. Any funds unencumbered at the end of that fiscal year are reappropriated to the IMF for the following fiscal year.

Government Code section 77209(f) allows the Judicial Council, with appropriate guidelines, to delegate the administration of the IMF to the Administrative Director.

2.2 Trial Court Trust Fund

Assembly Bill 1344 (Stats. 1992, ch. 696) created GC 68085 which established the Trial Court Trust Fund. The Trial Court Funding Act of 1997 (Stats. 1997, ch. 850) provided for the state responsibility for funding trial court operations from the TCTF beginning in fiscal year (FY) 1997–1998. Per GC 68085, the Judicial Council may authorize the direct payment or reimbursement or both of actual costs from the TCTF to fund the costs of operating one or more trial courts upon the authorization of the participating courts. These paid or reimbursed costs may be for services provided to the court or courts by the Judicial Council staff or payment for services or property of any kind contracted for by the court or courts or on behalf of the courts by the Judicial Council staff. The direct payment or reimbursement of costs from the TCTF may be supported by the reduction of a participating court’s allocation from the TCTF to the extent that the court’s expenditures for the program are reduced and the court is supported by the expenditure. Any funds unencumbered at the end of that fiscal year are reappropriated to the Trial Court Trust Fund for the following fiscal year.
3.0 Allocations

On an annual and as needed basis, the TCBAC shall recommend allocations for the IMF and TCTF to the Judicial Council. Once the allocations have been approved by the Judicial Council, each office will be notified of their allocation and its intended purpose by the Finance office.

3.1 General Allocation of the State Trial Court Improvement and Modernization Fund

The primary revenue sources of the IMF are the following: a transfer from the General Fund; fifty percent of the increase in fee, fine, and forfeiture revenue pursuant to GC 77205; 2% of all fines, penalties, and forfeitures collected in criminal cases pursuant to GC 68090.8(b) (Two-Percent Automation Fund); and royalties received from the publication of uniform jury instructions pursuant to GC 77029(h).

Except as noted below, moneys in the fund may be expended to implement trial court projects approved by the Judicial Council pursuant to GC 77029(f) and as provided in these guidelines.

A. The Two-Percent Automation Fund will be used for the development, maintenance, and enhancement of automated administrative systems for the trial courts, pursuant to GC 68090.8(a)(2) and GC 77209(g).

B. Royalties received will be used for the improvement of the jury system in accordance with GC 77209 (h).

C. Pursuant to GC 77209(j), a required amount of $13,397,000 shall be transferred from the IMF to the TCTF for allocation to trial courts for court operations.

3.2 General Allocation of the Trial Court Trust Fund

The primary revenue sources of the TCTF are the following: a transfer from the General Fund; all county funds remitted to the state pursuant to GC 77201.3; fees collected for first paper filing and other costs related to a civil action or proceeding in the superior court; assessments collected related to criminal convictions; and penalty assessments collected related to parking citations.

This fund has separate appropriations to fund trial court operations, salaries and benefits of superior court judges, court interpreter services, assigned judge services, grants, and Judicial Council staff in support of the trial courts. Except as noted below, the funds in the TCTF may be used as provided in these guidelines.

A. Pursuant to GC 77200(c), the amount allocated to a trial court cannot be less than the amount remitted to the TCTF by the county in which that court is located pursuant to GC 77201.3(a)(1) and (2).

B. Pursuant to GC 68502.5, two percent of the total funds appropriated in Program 45.10 of Item 0250-101-0932 of the annual Budget Act are to be set aside by the Judicial Council to be allocated to trial courts for unforeseen emergencies, unanticipated expenses for existing programs, or unavoidable funding shortfalls. By March 15, the Judicial Council
FY 2015-2016 State Trial Court Improvement and Modernization Fund and Trial Court Trust Fund Expenditure Guidelines

must distribute any remainder of the set-aside amount to the trial courts on a pro rata basis.

C. A portion, $4.80, of each first paper filing fee collected will be used to administer the Equal Access Fund program pursuant to GC 68085.3 and GC 68085.4.

D. Until June 30, 2017, a portion, $10.00, of each fee collected pursuant to GC 70626 will be used for the civil representation pilot program authorized under GC 68651.

4.0 Expenditures

4.1 Allowable Expenditures

Funds must be used for the intended purpose, as approved by the Judicial Council, and comply with statutory authority. All contracts, intra-branch agreements, interagency agreements, memorandums of understanding, purchase orders, and direct purchases must comply with the Judicial Branch Contract Law. When Judicial Council staff-related expenditures are applied to a fund, they should be applied pro rata amongst all funds that support the positions.

Direct operating expenditures and equipment include expenditures such as rent, postage, copier costs, and consultants. Travel-related costs can include mileage, tolls, meals, lodging, group meals, group lodging, parking, and airfare and should be paid or reimbursed consistent with Judicial Council travel policy. Airfare is allowed for mandated education programs, advisory committees, and pro-bono faculty and speakers only.

4.2 State Trial Court Improvement and Modernization Fund Allowable Expenditures

<table>
<thead>
<tr>
<th>#</th>
<th>Program</th>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0140 (30) Judicial Council Support</td>
<td>State Operations</td>
<td>Compensation and direct operating expenses and equipment for Judicial Council staff that provide services to the trial courts.</td>
</tr>
<tr>
<td>2</td>
<td>0150010 (45.10) Support for Operation of the Trial Courts</td>
<td>Local Assistance</td>
<td>Payments to counties for workers' compensation tail claims associated with current or retired court employees.</td>
</tr>
</tbody>
</table>

Page 5 of 8
## IMF ALLOWABLE EXPENDITURES

<table>
<thead>
<tr>
<th>#</th>
<th>Program</th>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td></td>
<td>Local</td>
<td>Copying, binders, nametags, and all other meeting materials directly related to or associated with the activities identified in line 5.</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td>Room rental and audio-visual costs directly related to or associated with the activities identified in line 5.</td>
</tr>
<tr>
<td>8</td>
<td>0150010 (45.10) Support for Operation of the Trial Courts</td>
<td>Local</td>
<td>Outside attorney fees and costs, and settlement costs for litigation management cases and legal services to the trial courts.</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td>Commission on Judicial Performance insurance coverage for trial court judges.</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td>Other costs pre-approved consistent with Section 4.3</td>
</tr>
<tr>
<td>11</td>
<td></td>
<td></td>
<td>Distributions to trial courts.</td>
</tr>
</tbody>
</table>

## TCTF ALLOWABLE EXPENDITURES

### 4.3 Trial Court Trust Fund Allowable Expenditures

<table>
<thead>
<tr>
<th>#</th>
<th>Program</th>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0140010 (30.05) Judicial Council Support</td>
<td>State</td>
<td>Compensation and direct operating expenses and equipment for Judicial Council staff that provide services to the trial courts.</td>
</tr>
<tr>
<td>2</td>
<td>0140019 (30.15) Trial Court Operations</td>
<td>State</td>
<td>Reimbursed (Schedule C) and non-reimbursed payments to vendors for services provided to the trial courts.</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>State</td>
<td>Grants to court/non-governmental organization partnerships for the Shriver Civil Representation Pilot Program.</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td>Distributions to trial courts.</td>
</tr>
<tr>
<td>5</td>
<td>0150010 (45.10) Support for Operation of the Trial Courts</td>
<td>Local</td>
<td>Payments to Dependency Counsel DRAFT vendors.</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>Local</td>
<td>Payments to facility vendors under the court-funded facility request process.</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td>Payments to the Judicial Branch Workers’ Compensation Fund (JBWCF)</td>
</tr>
<tr>
<td>8</td>
<td>0150019 (45.25) Judges’ Compensation</td>
<td>Local</td>
<td>Compensation for trial court judges.</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td>Payments to the JBWCF</td>
</tr>
</tbody>
</table>
4.4 Unallowable Expenditures

Expenditures must remain within the assigned fund as well as within the appropriate program. Any expenditure that is not consistent with the program or project objective, as approved by the Judicial Council, is unallowable. In addition, the following expenditures are considered unallowable from any fund or program covered by these guidelines:

1. Compensation and direct operating expenses and equipment for Judicial Council staff that do not provide services to the trial courts.
2. Compensation and direct operating expenses and equipment for the Supreme Court, Courts of Appeal, and Habeas Corpus Resource Center staff except those Courts of Appeal expenses authorized under the Assigned Judges Program.
3. Travel-related costs for Judicial Council staff to attend meetings, conferences, etc.
4. Tokens, favors, or giveaways (e.g., cups, tote bags, pens, pins, etc.).

4.5 Exceptions to Unallowable Expenditures

Requests for exceptions to the allowable costs shall be submitted to the Finance Director for consideration. The exception will be submitted to the Administrative Director for approval. The Administrative Director will make the final determination in consultation with the Chair of the TCBAC.

5.0 Responsibility of Program Office

Before approving any expenditure from the IMF or TCTF, the office shall ensure that the proposed expenditure is consistent with the allowable costs identified in these guidelines. Upon approval of a program or project by the Judicial Council, Finance will assign a Project Cost Center that must be used by the office for coding expenditures related to the program or project. Any costs that exceed the approved allocation will be charged to the office that incurred the cost.

6.0 Responsibility of Accounting

Before approving payment of any expenditure from the IMF or TCTF, Accounting shall ensure that the proposed expenditure is consistent with the allowable costs identified in these guidelines.
7.0 Responsibility of Finance
Finance will provide training annually to offices regarding compliance with these guidelines.

8.0 Compliance Review
A comprehensive compliance review shall be performed every odd year by the Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch. This review shall validate that expenditures from the IMF and TCTF for the prior two fiscal years were consistent with these guidelines. Because expenditures from the following appropriations are not discretionary, these appropriations shall be excluded from the review:

0150019 (45.25) Judges’ Compensation
0150028 (45.35) Assigned Judges
0150037 (45.45) Court Interpreters
0150046 (45.55) Grants

The findings of this review shall be reported to the Judicial Council and provided to the TCBAC for informational purposes.
Legal Title
State Trial Court Improvement and Modernization Fund

Legal Citation/Authority
Chapter 41, Statutes of 2012
Government Code section 77209

Fund Classification
<table>
<thead>
<tr>
<th>GAAP Basis</th>
<th>Legal Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental/Special Revenue Funds</td>
<td>Governmental/Other Governmental Cost Funds</td>
</tr>
</tbody>
</table>

Purpose
2% of all fines, penalties, and forfeitures collected in criminal cases from the county treasurer is to pay the cost of automated administrative system improvements for the trial courts, pursuant to Government Code section 68090.8(a)(2).

Moneys in the fund may be expended to implement trial court projects approved by the Judicial Council, pursuant to Government Code section 77029(f).

Royalties received will be used for the improvement of the jury system.

Money deposited into this fund will be placed in an interest-bearing account, and any interest earned will accrue to the fund.

Administering Agency/Organization Code
Judicial Branch/Org 0250

Major Revenue Source
- 2% of all fines, penalties, and forfeitures collected in criminal cases pursuant to Government Code section 68090.8(b).
- Royalties received from the publications of uniform jury instructions pursuant to Government Code section 77029(h).

Disposition of Fund (upon abolishment)
Pursuant to Government Code section 16346, absent language that identifies a successor fund, any balance remaining in this fund upon abolishment shall be transferred to the General Fund.

Appropriation Authority
Upon appropriation

Any funds unencumbered at the end of that fiscal year are reappropriated to the State Trial Court Improvement and Modernization Fund for the following fiscal year.
State Appropriations Limit

**Always Excluded** – Revenues in this fund are not proceeds of taxes, and even after transfer will never become proceeds of taxes because the major revenue source is derived from fines and penalties. This fund includes revenues transferred from predecessor funds: the Trial Court Improvement Fund (Fund 0159, Always Excluded) and the Judicial Administration Efficiency and Modernization Fund (Fund 0556, Always Excluded). These revenues have already been counted and should not be double counted.

Comments/Historical Information

Chapter 1211, Statutes of 1987 created the Trial Court Improvement Fund in Government Code section 77207.

Chapter 945, Statutes of 1988 repealed Government Code section 77207 as it pertains to this fund.


As of 12/08/04, administering organization was changed from State Trial Court Funding/0450 to 0250.

Chapter 41, Statutes of 2012 created the State Trial Court Improvement and Modernization Fund as a successor fund of the Trial Court Improvement Fund (0159) and the Judicial Administration Efficiency and Modernization Fund (0556). All assets, liabilities, revenues, and expenditures are transferred to the State Trial Court Improvement and Modernization Fund.
**Legal Title**  
Trial Court Trust Fund

**Legal Citation/Authority**  
Chapter 435, Statutes of 2007 (SB 539)  
Government Code section 68085

<table>
<thead>
<tr>
<th>Fund Classification</th>
<th>Legal Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP Basis</td>
<td>Governmental/Other Governmental Cost Funds</td>
</tr>
<tr>
<td>Legal Basis</td>
<td>Governmental/Special Revenue Funds</td>
</tr>
</tbody>
</table>

**Purpose**  
This fund supports the following appropriations and will be apportioned to fund trial court operations, salaries and benefits of superior court judges, court interpreter services, assigned judge services, and local assistance grants.

**Administering Agency/Organization Code**  
Judicial Branch/Org 0250

**Major Revenue Source**  
Transfer from the General Fund.  
All county funds remitted to the state pursuant to Government Code section 77201.3.  
Fees collected for filing of the first paper in a civil action or proceeding in the superior court.

**Disposition of Fund (upon abolishment)**  
Pursuant to Government Code 16346, absent language that identifies a successor fund, any balance remaining in this fund upon abolishment shall be transferred to the General Fund.

**Appropriation Authority**  
Upon appropriation by the Legislature.  
Any funds that are unencumbered at the end of the fiscal year shall be retained in this fund for the following fiscal year.

**State Appropriations Limit**  
Always Excluded – The major revenue source is transferred from another fund which has already been counted in an included fund, the General Fund (0001), and should not be double counted.

**Comments/Historical Information**  
This number had been assigned to the Local Public Entity Employees Fund, which was abolished per Chapter 1217, Statutes of 1985.  
Chapter 696, Statutes of 1992 (AB 1344) created the Trial Court Trust Fund.  
Chapter 850, Statutes of 1997 (AB 233) provides state responsibility for funding of trial court operations commencing in the 1997/98 fiscal year. As of December 8, 2004, administering organization was changed...
from Org 0450 State Trial Court Funding to Org 0250 Judicial Branch.